

SENATE BILL REPORT

SB 5319

AS OF FEBRUARY 18, 1991

Brief Description: Providing a business and occupation tax credit for services provided by a public safety testing lab.

SPONSORS: Senators Sutherland, McDonald, Bauer, L. Smith and Amondson.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Hearing Dates:

BACKGROUND:

Nonprofit organizations pay business and occupation (B&O) tax unless specifically exempted by statute. Exemption from federal income tax does not automatically provide exemption from state taxes. Most nonprofit organizations pay B&O tax at the services rate of 1.5 percent.

SUMMARY:

Nonprofit public safety testing corporations may receive a credit against their B&O tax liability. The credit is equal to the value of services and information related to setting of standards and testing for public safety provided to the state. The services must be provided without charge. To qualify for the credit, the corporation must:

1. Be organized and operated for the purpose of setting standards and testing for public safety;
2. Exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986; and
3. Be organized with no direct or indirect industry affiliation.

The credit is limited to the amount of tax owed. Any unused credit may be carried forward a maximum of one year.

Appropriation: none

Revenue: none

Fiscal Note: requested January 28, 1991